

EXHIBIT 2 - ANALYSIS OF ADMINISTRATIVE EXPENSES FOR 2002

Summary for Washington State HCSCs and HMOs

Source: NAIC - DSSPROD

	Line	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total Expenses	Percent of Total Administrative Cost
1	Rent (\$260500 for occupancy of own building)	30,271,453	43,811,570	83,524,721	157,607,745	10.76%
2	Salaries, wages and other benefits	289,352,934	392,329,030	4,535,068	686,217,032	46.83%
3	Commissions (less \$0 ceded plus \$0 assumed)	0	131,129,805	0	131,129,805	8.95%
4	Legal fees and expenses	221,838	6,335,676	8,240	6,565,754	0.45%
5	Certifications and accreditation fees	0	46,642	0	46,642	0.00%
6	Auditing, actuarial and other consulting services	14,667,074	19,220,317	1,897,301	35,784,693	2.44%
7	Traveling expenses	4,514,570	12,158,475	57,585	16,730,630	1.14%
8	Marketing and advertising	171,977	34,638,734	0	34,810,711	2.38%
9	Postage, express and telephone	25,000,915	30,169,296	130,807	55,301,017	3.77%
10	Printing and office supplies	5,486,074	11,291,682	78,732	16,856,489	1.15%
11	Occupancy, depreciation and amortization	44,934,638	17,424,050	70,429	62,429,117	4.26%
12	Equipment	6,506,320	8,981,830	6,635	15,494,785	1.06%
13	Cost or depreciation of EDP equipment and software	36,886,646	76,809,590	7,556	113,703,792	7.76%
14	Outsourced services including EDP, claims, and other services	22,664,968	44,163,437	1,744,019	68,572,423	4.68%
15	Boards, bureaus and association fees	245,952	5,318,019	15,125	5,579,095	0.38%
16	Insurance, except on real estate	2,546,654	7,551,739	6,873	10,105,266	0.69%
17	Collection and bank service charges	548,600	1,441,020	312,632	2,302,252	0.16%
18	Group service and administration fees	23,792,711	-17,247,154	-1,709	6,543,848	0.45%
19	Reimbursements by uninsured accident and health plans	-82,636,551	-45,991,716	-129,926	-128,758,193	-8.79%
20	Reimbursements from fiscal intermediaries	-23,341,017	4,124,239	0	-19,216,778	-1.31%
21	Real estate expenses	22,407,571	6,776,991	61,276	29,245,838	2.00%
22	Real estate taxes	737,032	753,573	28,538	1,519,143	0.10%
23	State and local insurance taxes (taxes, licenses and fees)	-576,145	13,403,564	19,605	12,847,024	0.88%
23	State premium taxes (taxes, licenses and fees)	1,089,620	104,989,143	0	106,078,763	7.24%
23	Regulator authority licenses and fees (taxes, licenses and fees)	5,508	10,573,965	0	10,579,473	0.72%
23	Payroll taxes (taxes, licenses and fees)	19,918,936	27,106,416	827,314	47,852,666	3.27%
24	Other (excluding federal income and real estate taxes) (taxes, licenses and fees)	674,853	1,307,190	1,400	1,983,443	0.14%
24	Investment expenses not included elsewhere	0	814,500	8,863,088	9,677,588	0.66%

25	Aggregate write-ins for expenses	-30,522,559	202,614	355,972	-29,963,973	-2.04%
26	Total expenses incurred	415,570,573	949,634,236	102,421,281	1,467,626,091	100.16%
27	Add expenses unpaid December 31, prior year	33,830,419	233,626,107	2,572,831	270,029,357	18.43%
28	Less expenses unpaid December 31, current year	34,030,054	248,756,800	2,692,033	285,478,887	19.48%
29	Amounts receivable relating to uninsured accident and health plans, prior year	49,230	3,951,886	0	4,001,116	0.27%
30	Amounts receivable relating to uninsured accident and health plans, current year	143,130	16,999,897	0	17,143,027	1.17%
31	Total expenses paid	415,464,838	947,551,554	102,302,079	1,465,318,472	100.00%

-105,738 -2,082,675
-0.03% -0.22%